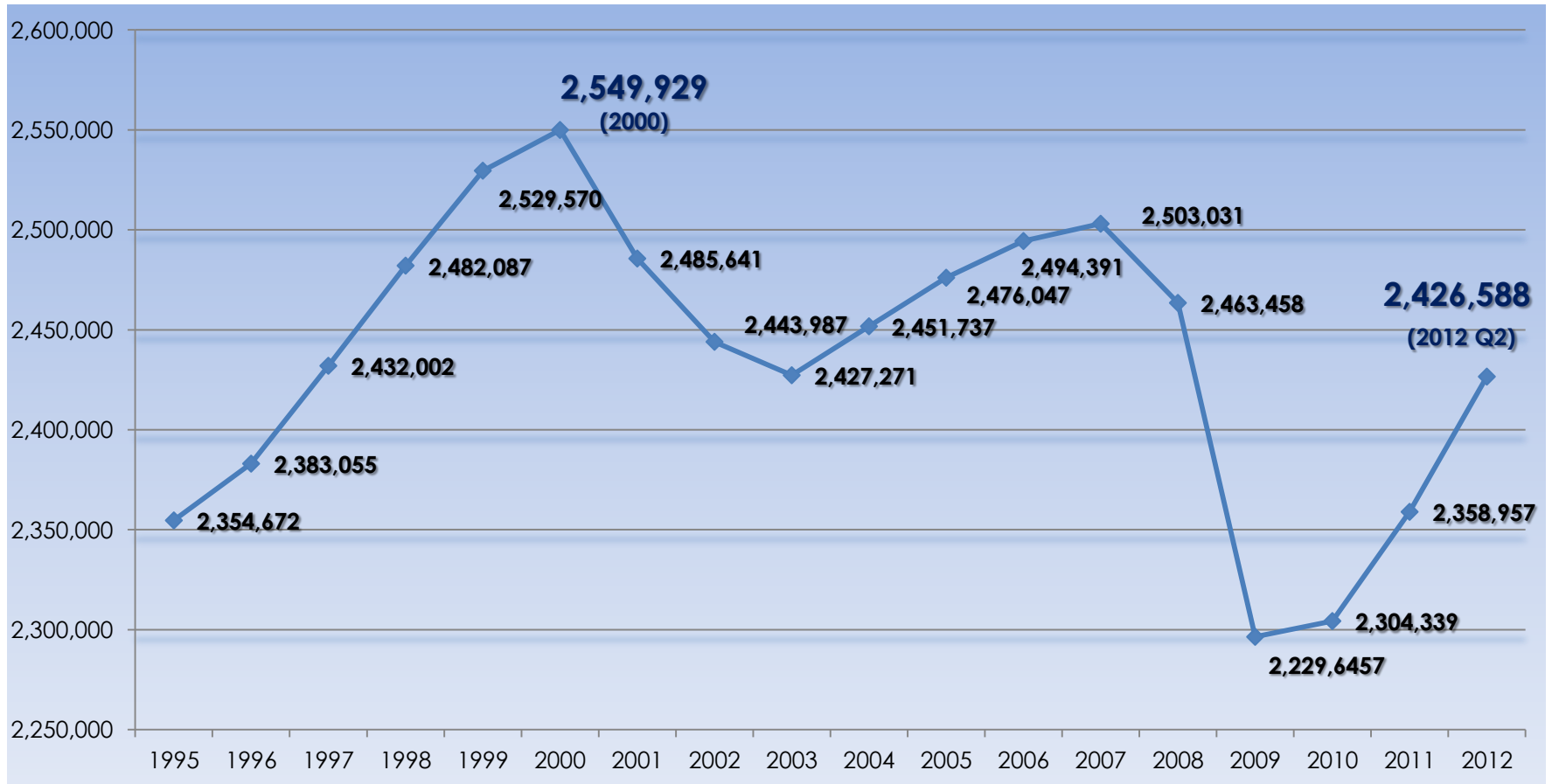


IEDC BOARD OF DIRECTORS

2.5.2013

THE STATE OF YOUR FUTURE

PRIVATE SECTOR EMPLOYMENT



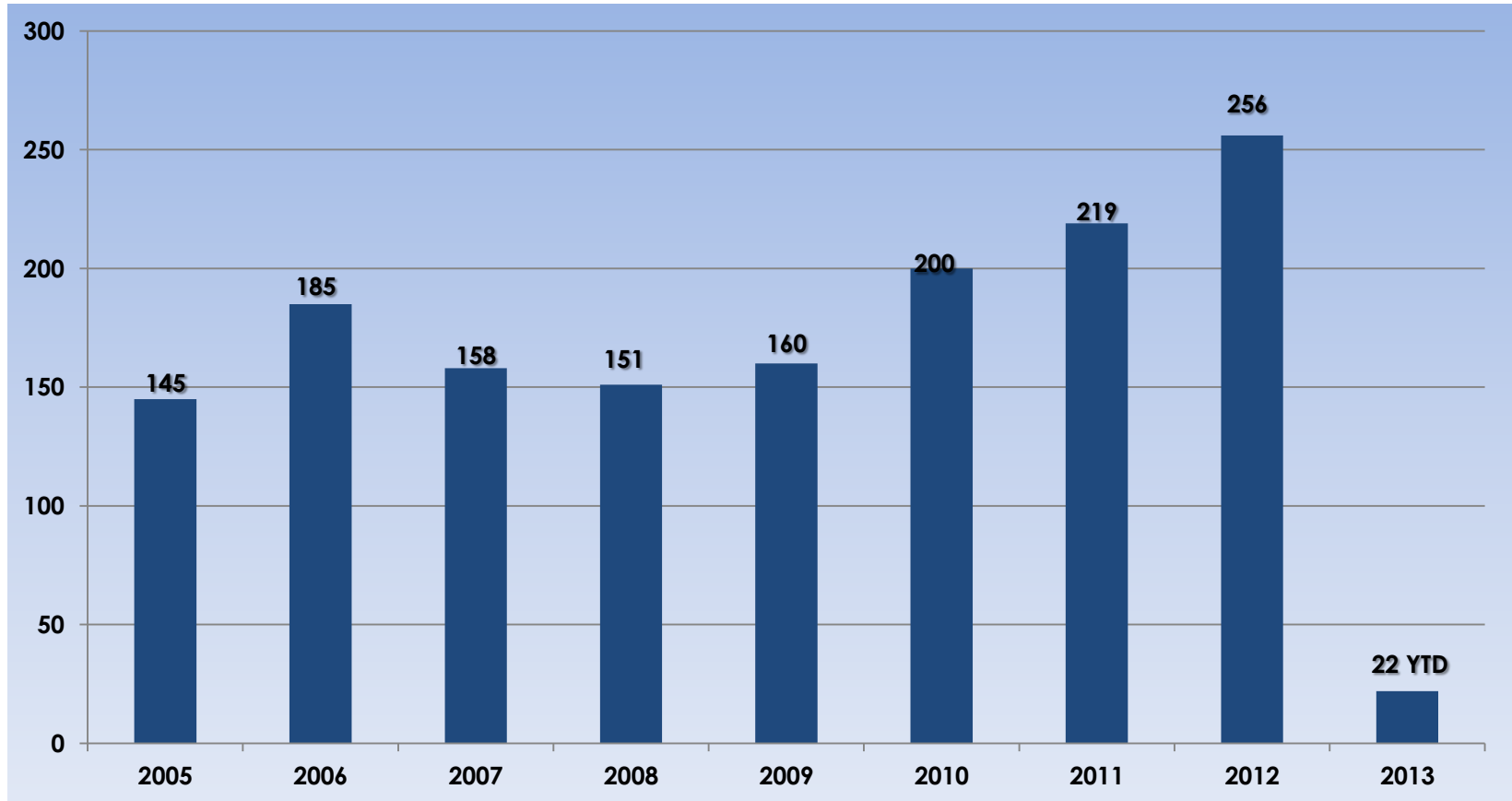
Source: Quarterly Census of Employment and Wages (QCEW) data set



Good to Great Plan

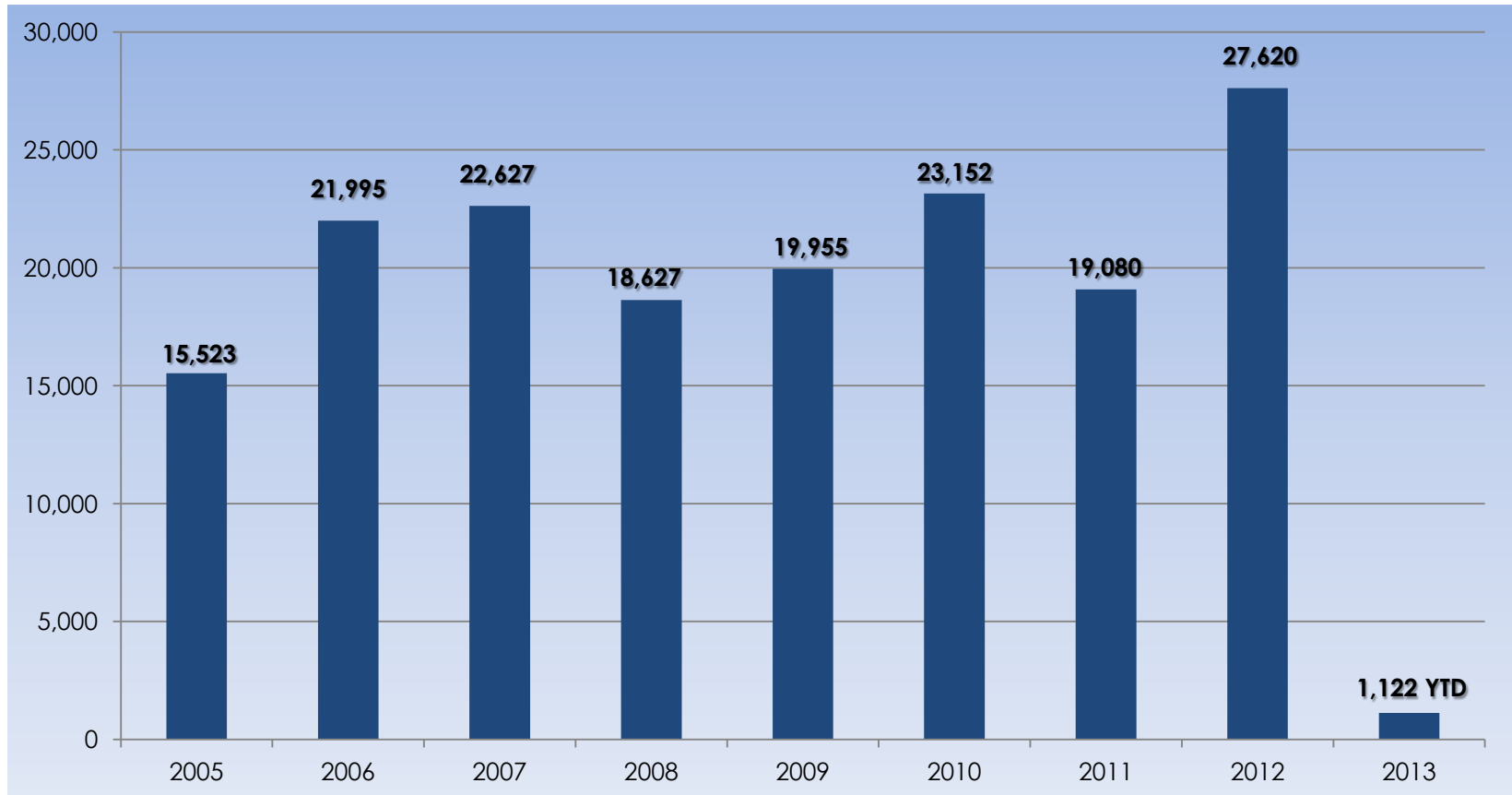
- HUNT
- PRODUCT DEVELOPMENT
- HUMAN CAPITAL ENHANCEMENT

TOTAL COMPETITIVE PROJECTS



YTD as of 2.4.13

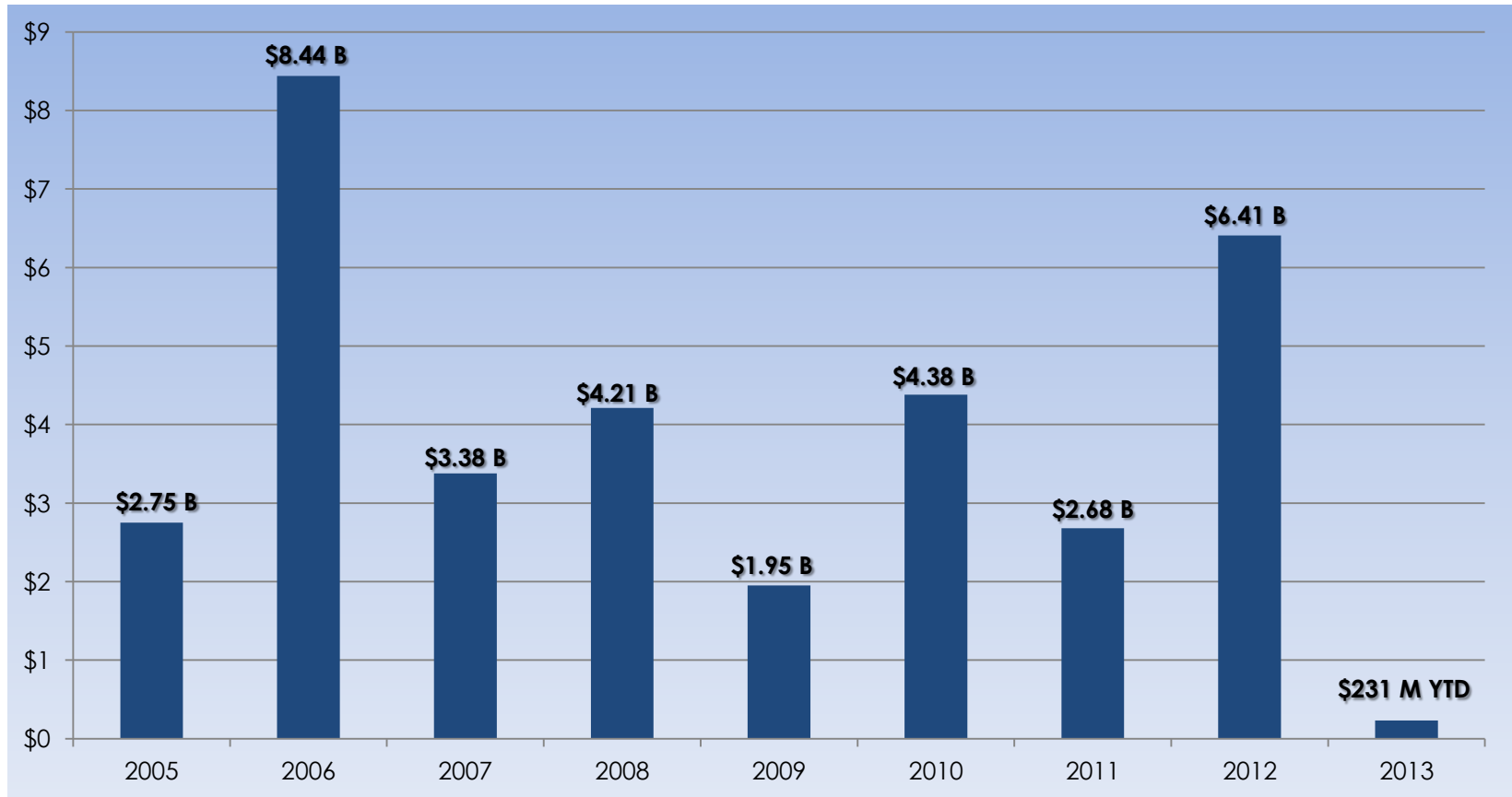
PRIVATE SECTOR JOB PROJECTIONS



Companies reported 76% job realization rate from 2005-2011, according to 2012 Crowe Horwath, LLC independent review.

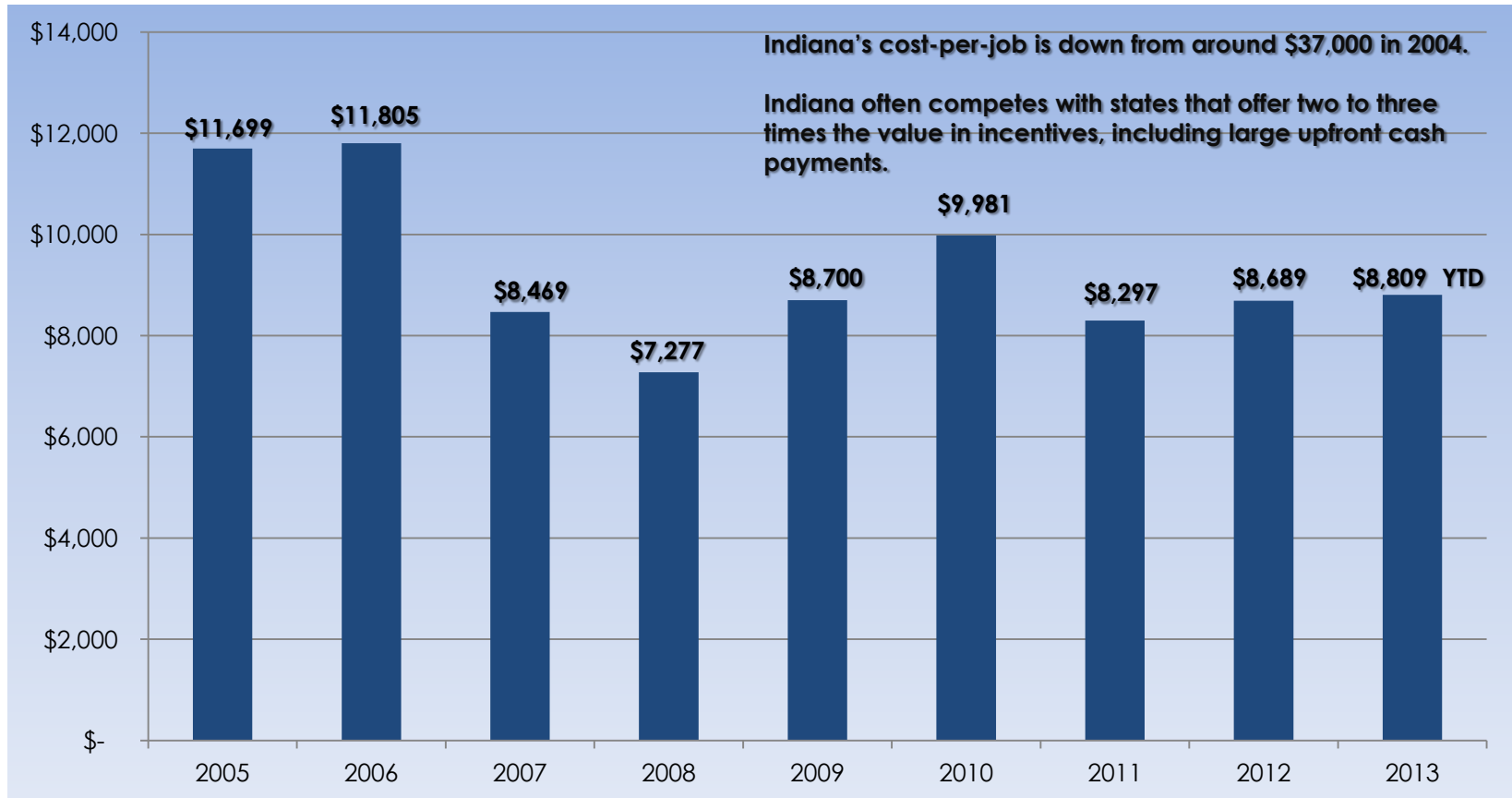
YTD as of 2.4.13

PRIVATE SECTOR INVESTMENT PROJECTIONS



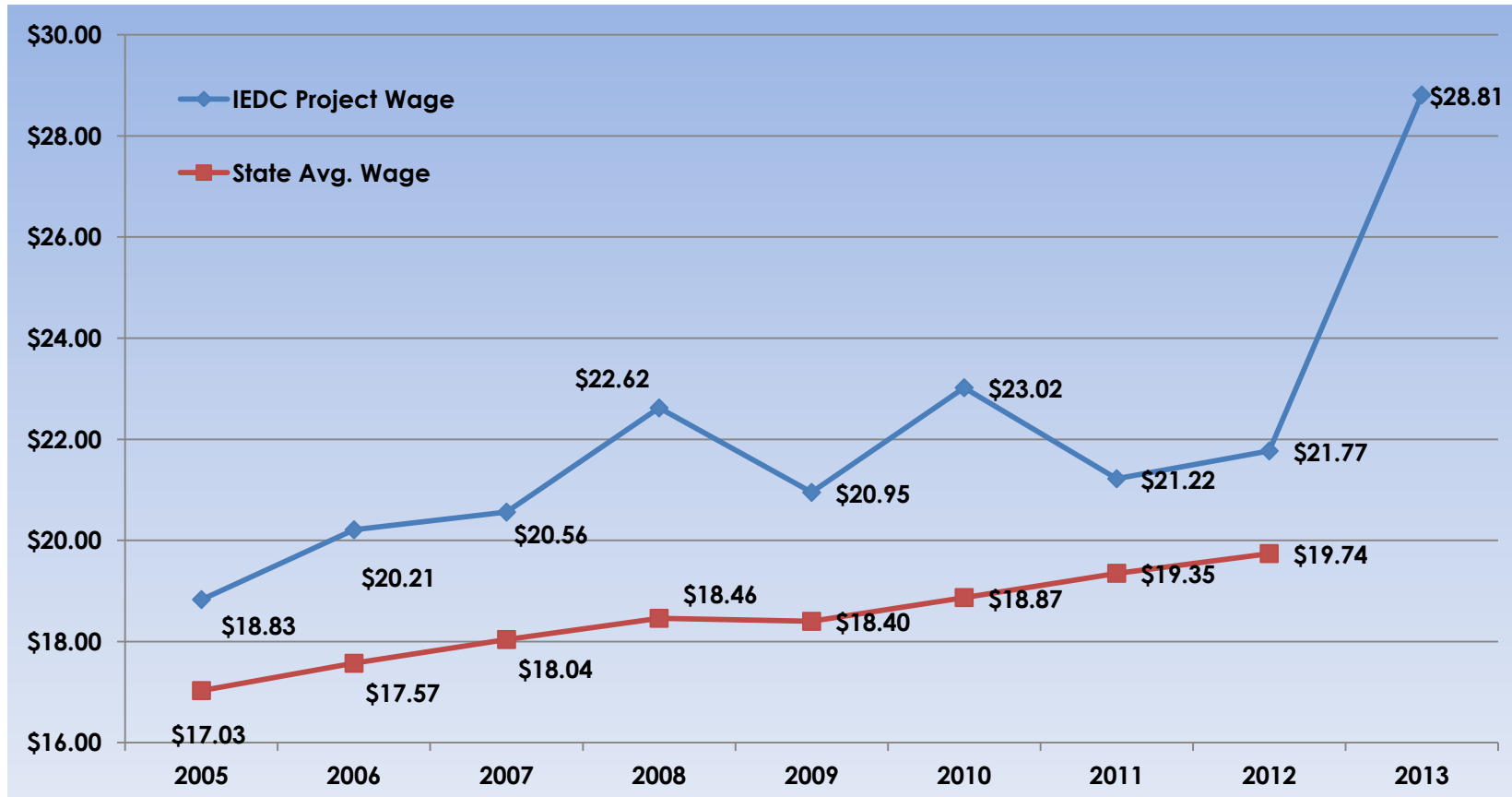
YTD as of 2.4.13

CONDITIONAL INCENTIVES PER JOB



YTD as of 2.4.13

HOOSIER AVERAGE WAGE



ON THE ROAD: JOBS FIRST IN MONTH ONE



ROUNDTABLE, KOKOMO



AMAZON.COM, JEFFERSONVILLE



GREENVILLE TECHNOLOGY, INC., ANDERSON



Vuteq, PRINCETON



THE STATE OF YOUR FUTURE

PROJECT WIN REPORT

HORIZON FINANCIAL MANAGEMENT, *MERRILLVILLE*

- ▶ Founded in 2005 in Merrillville, the company provides billing management and collection services to healthcare providers.
- ▶ The company plans to expand its existing operations.
- ▶ 216 projected new jobs
- ▶ \$1.9 million capital investment
- ▶ **Key Deal Factors:** The company considered locations in Indiana and Illinois. Indiana's talented and diverse workforce and the proactive assistance from the town and state were the company's top deciding factors.



Governor Mike Pence joined executives from Horizon Financial Management on Jan. 25th to announce the company's plans to expand in Lake County.

PROJECT LOSS REPORT

PROJECT FLOSS, *MERRILLVILLE*

- ▶ An attraction opportunity for an oral care products manufacturer.
- ▶ 300 projected new jobs at wages above IEDC average
- ▶ \$24.5 million capital investment
- ▶ Company considered Merrillville, Ind., Illinois and Wisconsin
- ▶ **Key Deal Factors:** The company chose to stay in Illinois. It cited the possibility of losing a majority of its current employee base and the significant incentive package offered by Illinois as factors that drove its decision to remain there. In addition, it found an 80-acre parcel of land on a major highway in the Chicago-area that fit its needs.

TRANSPARENCY

INDIANAPOLIS BUSINESS JOURNAL | Feb. 4-10, 2013

We all agree that taxpayers are entitled to information concerning actual job creation and the financial impact to the state. This information is currently reported through the IEDC's quarterly public board meetings and annual reports. For example, the IEDC issues a compliance report each year listing each company and the maximum incentives allowed as well as a separate job realization report, in cooperation with international accounting firm, Crowe Horwath, LLC.

The IEDC has taken steps over the last several years to improve processes and now exceeds the transparency required by law. While transparency is critical, a reasonable degree of confidentiality is important so that the IEDC can effectively compete for job creation opportunities. Individuals and business entities must have confidence that they can approach the organization knowing that their business plans will not be made available to competitors.

The January 22nd committee amendment to Senate Bill 162 offers reasonable common ground on this issue by removing language that could jeopardize the state's ability to attract new jobs and investment while also building on the IEDC's existing transparency.

6C • February 4, 2013

DEBATE

STATE SEN. MIKE Delph has introduced a bill to force the Indiana Economic Development Corp. and other state and local agencies to disclose more about businesses receiving tax incentives. Among other stipulations, the businesses would be required to publicly update information about investment levels and job creation. Is the IEDC too secretive, and to what extent should the companies be forced to reveal the information?

Job creation incentives demand more transparency

RECENTLY, GOV. MIKE Pence announced his plan to launch a new "transparency portal" to allow open tracking of the Indiana Economic Development Corp.'s tax credits and the jobs created by those incentives. For some time, I have had my own concerns about how much return taxpayers are getting for their public investment in Indiana's economy.

This issue was first brought to my attention by WTHR-TV Channel 13 reporter and constituent Bob Segall. His research revealed a large discrepancy between the predicted outcome of many IEDC tax deals and the actual results that recipients of financial incentives were producing.

Upon contacting IEDC, Segall found the department unwilling to release concrete data on the impact of each economic development project it had announced—regardless whether the project was a success or a failure. Segall's review found as high as 40 percent of IEDC's "successes" or promised jobs were non-existent. I reached out to senior leadership at



Mike DELPH

the IEDC requesting answers to what I believe to be reasonable questions. In exchange for special tax breaks, how many jobs promised by a given company were in fact created by that company? How much promised investment was actually invested by the company? What companies are currently receiving public tax dollars from IEDC?

This effort was not fruitful. This is why I introduced Senate Bill 162. Under my proposal, IEDC would be required to release basic information

to show Hoosiers how many jobs have been created and how much economic investment a company has made in Indiana in exchange for its tax breaks. IEDC is already required to collect that information, but the details are withheld from the public. This information, they say, is confidential.

Those who oppose transparency at IEDC argue it will chase away business. That simply is not true.

Illinois has the strongest economic development transparency law in the nation, resulting in an extensive online transparency portal such as the one discussed by Pence. Yet, according to *Site Selection Magazine*, Illinois has attracted more facilities and expansions during the past three years than Indiana (617 versus 523)—proof that economic development and full transparency can, indeed, go hand-in-hand.

The same publication lists Ohio as gaining 1,255 facilities and expansions, and Michigan 669 during the same period. Both outpaced Indiana while having transparency laws on the books. The bill would not require corpora-

tions to give away proprietary information and competitive secrets. It would require IEDC to provide basic information to Indiana taxpayers to track the effectiveness of our investments.

If IEDC and corporations are willing to hold press conferences and ribbon-cutting ceremonies to announce their plans before they get tax incentives, it only makes sense to tell us whether those plans are coming to fruition after they start receiving state money.

As we move forward with a new legislative session, preserving and improving Indiana's economic status will be a goal for lawmakers from both sides of the aisle. Our first step should be to ensure we are encouraging projects that truly grow our economy. We should work to ensure that taxpayers are receiving a decent return on their public investment. We need access to detailed job data from IEDC to accomplish that. Most important, we should stand for the public's right to know.®

• Delph, a Republican, represents state Senate District 29. Send comments on this column to thedeb@ibj.com.

IEDC strives to balance public access, confidentiality

IN JUST MORE than eight years, Indiana has become a national role model for economic development as other states have enacted similar business-friendly policies, practiced fiscal discipline, and replicated the IEDC organizational structure. Our state's emergence as an economic development leader is no accident, as the General Assembly partnered with us throughout this time to build this job-attracting machine.

IEDC was established in February 2005 to replace the former Department of Commerce. In order to respond quickly to the needs of businesses, it operates like a business. It was structured as a quasi-governmental organization to be nimble and responsive to business needs and to eliminate red tape that might make doing business in Indiana difficult.

Indiana, unlike many of our competitors, does not put tax dollars at risk by offering "upfront" incentives to companies. Businesses that come to Indiana invest in our state based primarily on our business-friendly environment, low operating costs and access to hard-



John THOMPSON

working employees. Our performance-based economic development tax credits are used only to seal the deal. When the state does offer conditional incentives, they are paid only after Hoosiers are hired. The promised level of employment is the company's best guess.

Sometimes they actually hire more, sometimes less. Businesses don't have a crystal ball, which is why the incentives are performance-based and prorated according to the actual level of hiring.

Often, at the request of companies, IEDC is asked to maintain confidentiality relative to their business and plans. While we all seek as much openness and transparency as possible, companies are entitled to a reasonable degree of privacy, and we strive to respect that. This is why part of the restructuring in 2005 included a change in statute to allow negotiations with a company to be kept in confidence while recognizing that taxpayers have the right to know the final terms of every deal. Under this model, the public always has the ability to request any and all IEDC contracts.

We all agree that taxpayers are entitled to information concerning actual job creation and the financial impact to the state. This information is reported through IEDC's quarterly public board meetings and annual reports. For example, IEDC issues a compliance report each year listing each company and the maximum incentives allowed as well as a separate job-realization report, in cooperation with international accounting firm Crowe Horwath LLC.

IEDC has taken steps over the last several years to improve processes and now exceeds the transparency required by law. While transparency is critical, a reasonable degree of confidentiality is important so that IEDC can effectively compete for job creation opportunities. Individuals and business entities must have confidence that they can approach the organization knowing their business plans will not be made available to competitors.

The Jan. 22 committee amendment to Senate Bill 162 offers reasonable common ground on this issue by removing language that could jeopardize the state's ability to attract new jobs and investment while also building on IEDC transparency.

Indiana has the economic development structure and climate in place that allows us to roll up our sleeves and bring business to Indiana. The Hoosier State is welcoming companies every day.®

• Thompson, CEO of Thompson Distribution Co. Inc. in Indianapolis, is a director of the IEDC. Send comments on this column to thedeb@ibj.com.

Brought to you by Citizens Energy Group and Purdue University

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